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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

7-5562

The Honorable Rowland B. Hughes
Director
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Hughes:

The Central Intelligence Agency has participated in discussions concerning the launching of an earth satellite which was approved in NSC Directive No. 5520. This first satellite will be primarily a research vehicle, but since it is to be launched as a part of the national effort in connection with United States participation in the International Geophysical Year, it will have substantial psychological warfare benefits to this country. In addition, it is expected that a wealth of basic data will be derived from the first satellite which will be invaluable in the subsequent development of true reconnaissance satellites in which CIA obviously has a vital long-term interest.

It is believed that this project is not justified as a purely military venture, and that in view of its cold war aspects and potential intelligence benefits it is appropriate for the Central Intelligence Agency to participate in its financial support. Current plans provide that the satellite vehicle will be launched sometime during the period 1 July 1957 to 31 December 1958. A substantial portion of the cost will be incurred during the current Fiscal Year. Subject to the approval of the Bureau of the Budget and the availability of funds, I propose that CIA participate in the financial support of this project as follows:

Fiscal Year 1956:

- \$2.5 million - To be released from the Contingency Reserve.
- \$2 million - If the Bureau of the Budget and the Congress approve of the replenishment of CIA's Contingency Reserve through a Supplemental Appropriation, or other action, during Fiscal Year 1956.

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Fiscal Year 1957:

\$1 million - To be added to CIA's Fiscal Year 1957 budget submission now under consideration by the Bureau of the Budget.

Your approval is requested in principle for financial support to this project as outlined above and the immediate release of \$2.5 million from the CIA Contingency Reserve. Early consideration of this matter will be greatly appreciated.

Sincerely yours,

Allen W. Dulles
Director

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Reapportionment Schedule - FY 1956

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